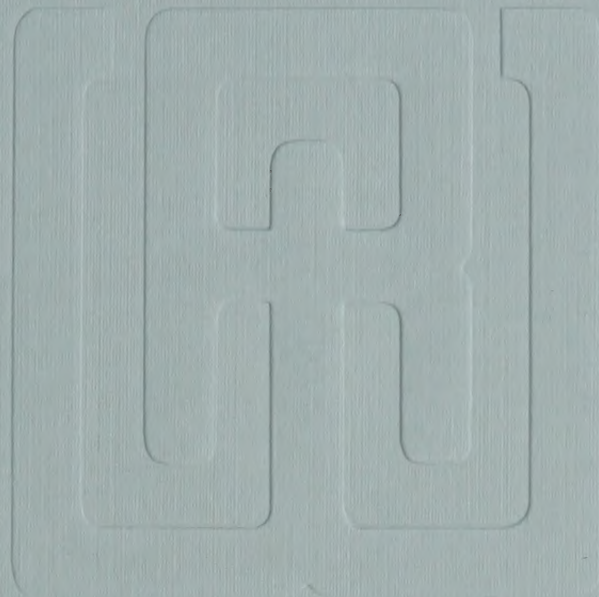


AR46



Wall & Redekop  
Corporation

**Annual Report  
1975**







## Report of Directors



Peter Wall,  
Chairman of the Board.



Peter Redekop,  
President.

Operating conditions caused by the general economic downturn in the last half of the fiscal year ended January 31, 1975, resulted in reduced earnings for your Company. Nevertheless, owing to stringent measures taken by management to effect economies, the Corporation is in a position to take optimum advantage of certain improvements in the economy already apparent in 1975. We have noted, in particular, a significant strengthening of the real estate market, with residential sales approaching the volume experienced in the first half of the last fiscal year. There is also very great demand for good apartment and investment property.

Gross revenues of the Corporation in the year under review totalled \$23.3 million. Net earnings amounted to \$434,000, or 24 cents per share. This compared with revenues for the previous year of \$24.1 million and net earnings of \$679,000, or 37 cents per share. In the normal course of business, your Company regularly creates assets in the form of new developments and sells off other properties. Profits from these sales normally contribute a substantial part of the Company's net earnings. Because of market conditions in the year under review, your directors decided to postpone sales of major properties to a more favorable time.

Your directors feel it is important to note, however, that in the case of real estate companies such as ours, the total assets of the organization must also be considered when assessing performance.

The drop in real estate sales during the last six months had an adverse effect on other aspects of the Company's activities. Sales of residential lots declined and fewer housing starts had an adverse effect on sales of the Wood King Division. Also contributing to lesser earnings was the rapid escalation in interest rates resulting in an unusually high interest expense for the year.

Your directors are pleased to report that two major developments, Shannon Mews and Pacific Park, are now completed. Both projects immediately proved popular and are almost fully leased and occupied. An 81-unit condominium development in the Langley area was completed and sold.

We wish to recognize once again the role played by the employees of the Company in helping us maintain a high level of performance during this period of unsettled economic conditions and prepare to take full advantage of the improved conditions indicated this year.

On behalf of the Board of Directors,

A stylized, cursive signature of Peter Wall in dark ink.

Peter Wall,  
Chairman of the Board

A stylized, cursive signature of Peter Redekop in dark ink.

Peter Redekop,  
President



## Realty Sales



Robert Lee, Director and Vice-President of the Corporation.



James Rogers, Vice-President and General Manager, Wall & Redekop Realty Ltd.

Despite a dramatic downturn in the real estate market in the spring of 1974, the Realty company earned gross commissions of \$3.7 million for the last fiscal year, matching the performance of the Company in the previous 12 months.

Our sales management maintained the production level by obtaining a greater effort from our sales staff through training and incentive programs. The "Distinguished Sales Guild" was created to reward those sales personnel who reached higher volumes. In addition, the Company's Home Trading Plan and Guaranteed Listing Plan were successful in attracting new listings and improving the earning potential of our sales people.

The type of market encountered in the latter part of 1974 generated a close scrutiny of our operations and degree of market penetration. The Realty company management initiated several changes, which should provide improved operating results.

The Company's influence in the Fraser Valley was expanded by hiring additional sales staff and the opening in April, 1975, of an office in Chilliwack. Consolidation of the two offices in Victoria into one office was completed early in 1974 and was proven successful when that branch received the 1974 Office of the Year Award. It was decided to close the Kerrisdale office, due to the difficulty of attracting suitable personnel to service that area of the city.

Two important appointments took place during the year. Jim Rogers, formerly the manager of our Kingsway branch, assumed the position of Vice-President and General Manager of Wall & Redekop Realty Ltd. on January 1, 1975. Norris Bainbridge took charge of the Industrial, Commercial and Investment branch earlier in the fiscal year. Both are now concentrating on expanding the sales force and increasing volumes to add to the Realty company's contribution to the overall corporate earnings.







Realty Branch Managers Meeting.



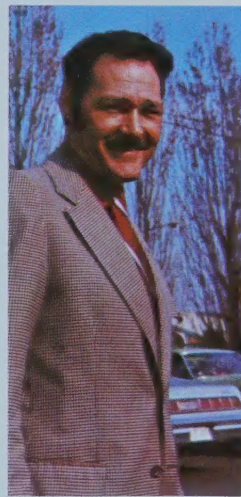
I.C.I. Salesmen.



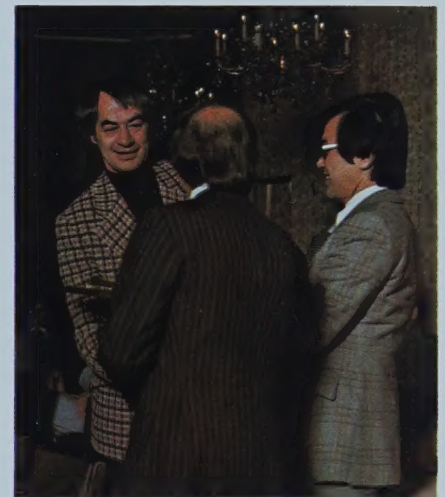
Norris Bainbridge, I.C.I. Branch Manager.



Mrs. S. Philps,  
General Manager,  
Vancouver Island.



William Fife,  
Manager, Victoria Branch  
— Office of the Year  
in 1974.



John Eichhorst — Haney Office.  
Salesman — Winner Gold Award —  
Top Volume Sales in 1974/75.





## Construction and Land Development



D. Facer, Manager Land Division, S. Dosot,  
H. Watkins, G. Struthers.

The construction division experienced a very active year and had a number of projects in the final stages at the end of the fiscal year. The Shannon Mews and Pacific Park rental projects involved work on 449 suites, while construction of the Aspenwood, York West and Portage Estates condominium projects provided 166 units for sale. An additional 85 condominium units are being built on a joint venture basis at two projects in the Fraser Valley, while the Haney commercial building is now nearing completion.

The Land Development division has been busy with sub-dividing and acquiring choice sites for condominium construction. More than 230 single family lots are ready for the market and should be sold in 1975.



York West, View of city and English Bay from  
apartment patio.



York West Entrance.







Aspenwood — luxury townhouses in Champlain Heights.



Portage Estates — family condominiums in Langley.



Greenbriar Estates — Abbotsford.  
Homes under construction on Corporation developed land.





## Rental Properties



Property Management — S. Slym, Corporation Secretary-Treasurer and Property Manager with Assistant Managers, Anne Scheffelmaier and Gerry McCarron.



Ambleside Towers — West Vancouver, 185 suite luxury apartments.



Pacific Park — Surrey, 288 suites in four buildings.

The Corporation's investment in well-located residential apartments is now further enhanced by the addition of two major projects, Shannon and Pacific Park.

Both projects have been successful in attracting tenants and are now in the final stages of leasing and occupancy.

The Corporation's investment in income-producing properties makes up a large proportion of its total assets. The current market value of these properties is considerably greater than their original cost to the Company. However, current accounting reporting requirements do not permit disclosure of their market value in the financial statements.

The property management department enjoyed a successful and busy year. The department manages 2,674 suites, of which 1,358 are company-owned. The vacancy rate during the year was below 1 per cent.







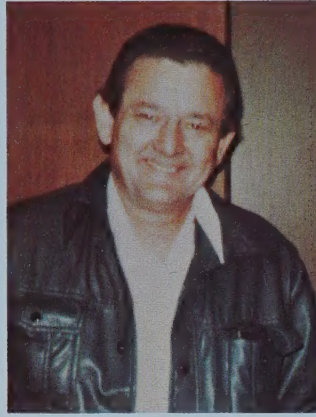
Shannon Mews on South Granville.  
The 161 units comprised of apartments and townhouses are situated in an incomparable park-like setting.







Jack Parker, Monocrest General Manager, meets with Aussie Sinnott, Plant Manager and Stan Lukacic, Custom Carpenter.



Rene Ziebel, Manager Woodking, Sperling.

## Wood King Division

A severe drop in lumber prices and new housing starts in mid-1974 directly affected the Corporation's plans for expanding the Wood King retail business. Because of steps taken to reduce overhead and curtail expansion plans, the division operated at a profit for the fiscal year, but profits were down from the previous year. The operation of the division has now been consolidated and it is expected to show improved results in the coming year.



An example of Monocrest cabinets.



Egan Froese, Farms Manager.



A view of the feed mill.

## Feed and Farming Operations

Due to price reductions in the egg market and increasing cost of feed grains, these divisions were not profitable in the latter part of the year. The Directors have reviewed the situation and have concluded that continued involvement in this area of our operation is no longer consistent with the Corporation's long-term objectives. For this reason, a decision has been reached to dispose gradually of our feed and farming interests. Action toward this end has already been taken and will be reported on in the near future.

## Monocrest Division

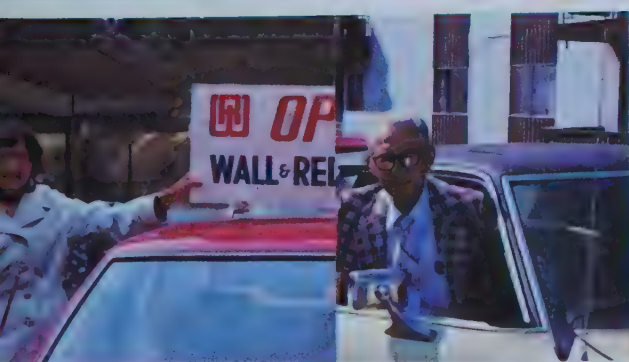
The kitchen cabinet manufacturing plant operated profitably during the year, due in part to previously-contracted sales, which lessened the effect of the 1974 market slowdown. New management achieved efficiencies in production methods, an increase in output and better control of overhead costs. Contracts booked to date for the coming year indicate an active year for this division.







Directors — at the entrance to the mansion, Shannon Mews — Left to Right  
 Claire Baldwin, Peter Wall, John Redekop, Peter Redekop, and Isy Wolfe (missing Robert Lee).







## CONSOLIDATED BALANCE SHEET AS AT JANUARY 31, 1975

## ASSETS

	1975	1974
Accounts receivable . . . . .	\$ 1,790,869	\$ 2,143,305
Agreements receivable — Note 2 . . . . .	2,832,105	3,434,668
Investments . . . . .	75,843	35,190
Inventory — Note 3 . . . . .	24,853,839	12,295,636
Prepaid expenses and deposits . . . . .	280,314	535,021
Income producing properties, less accumulated depreciation of \$504,818 . . . . .	17,749,723	19,637,240
Fixed assets — at cost:		
Land, property and equipment, less accumulated depreciation and amortization of \$1,135,545 . . . . .	1,339,835	1,580,826
Goodwill and other intangibles . . . . .	168,181	187,040

On behalf of the Board:

  
Director  
Director\$49,090,709\$39,848,926



## LIABILITIES

	1975	1974
Bank indebtedness — Note 4 . . . . .	\$ 4,506,584	\$ 3,519,284
Accounts payable and accrued liabilities . . . . .	3,630,661	2,496,808
Income taxes payable . . . . .	186,247	118,758
Mortgage advances on construction in progress and agreements payable — Note 5 . . . . .	15,478,457	8,703,847
Mortgages on income producing properties — Note 5 . . . . .	14,289,091	15,178,769
Sinking fund debentures — Note 6 . . . . .	1,484,000	1,500,000
Deferred income tax . . . . .	2,728,438	2,471,633
Deferred income — Note 7 . . . . .	290,518	297,118
Deposits on property — Note 12 . . . . .	760,565	—
Shareholders' advances . . . . .	85,577	143,943
	<u>43,440,138</u>	<u>34,430,160</u>

## SHAREHOLDERS' EQUITY

Share capital — Note 8 . . . . .	1,452,593	1,452,593
Retained earnings . . . . .	4,197,978	3,966,173
	<u>5,650,571</u>	<u>5,418,766</u>
	<u>\$49,090,709</u>	<u>\$39,848,926</u>



CONSOLIDATED STATEMENT OF NET EARNINGS AND RETAINED EARNINGS  
FOR THE YEAR ENDED JANUARY 31, 1975

	1975	1974
Revenue:		
Land and income producing property sales . . . . .	\$ 5,797,336	\$ 7,726,557
Lumber and building products . . . . .	4,689,458	5,398,468
Farming . . . . .	3,451,814	2,724,351
Rental . . . . .	2,532,979	2,575,189
Real estate agency . . . . .	3,974,229	3,983,729
Hotel — Note 12. . . . .	1,858,416	1,666,903
Income from joint ventures. . . . .	179,660	
Costs and expenses:	22,483,892	24,075,197
Cost of sales and operating expenses. . . . .	15,933,454	17,227,565
Selling, administrative and general expenses. . . . .	3,195,285	3,203,073
Depreciation and amortization . . . . .	369,426	414,413
Interest . . . . .	2,170,512	1,779,394
	21,668,677	22,624,445
Earnings before minority interest and income taxes . . . . .	815,215	1,450,752
Minority interest . . . . .	—	52,507
Earnings before income taxes . . . . .	815,215	1,398,245
Income taxes:		
Current . . . . .	123,987	52,866
Deferred . . . . .	257,310	666,702
	381,297	719,568
Net earnings for the year . . . . .	433,918	678,677
Retained earnings — opening balance . . . . .	3,966,173	3,379,063
	4,400,091	4,057,740
Less: Dividends — Note 13. . . . .	202,113	91,567
Retained earnings — closing balance . . . . .	\$ 4,197,978	\$ 3,966,173
Earnings per share — Note 10 . . . . .	\$ .24	\$ .37



CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION  
FOR THE YEAR ENDED JANUARY 31, 1975

	1975	1974
Source of cash funds:		
Operations		
Net earnings for the year . . . . .	\$ 433,918	\$ 678,677
Add: Items not requiring cash outlay . . . . .	616,526	1,081,115
	<u>1,050,444</u>	<u>1,759,792</u>
Decrease (increase) in accounts receivable . . . . .	352,436	(737,466)
Decrease (increase) in agreements receivable . . . . .	602,563	(763,866)
Decrease (increase) in income producing properties, net of increase in mortgages thereon . . . . .	839,526	(275,497)
Decrease (increase) in fixed assets and goodwill . . . . .	51,842	(512,751)
Decrease (increase) in prepaid expenses and deposits . . . . .	254,707	(335,425)
Increase (decrease) in accounts payable and accrued liabilities . . . . .	1,133,853	(1,423,572)
Increase (decrease) in income taxes payable . . . . .	67,489	(31,763)
Deposit on property . . . . .	760,565	—
Deferred income . . . . .	—	297,118
	<u>5,113,425</u>	<u>(2,023,430)</u>
Application of cash funds:		
Increase in investments . . . . .	40,653	4,992
Increase (decrease) of inventory, net of mortgage advances on construction in progress and agreements payable . . . . .	5,783,593	(1,613,671)
Decrease (increase) in shareholders advances . . . . .	58,366	(89,693)
Decrease in sinking fund debentures . . . . .	16,000	—
Cash dividends . . . . .	202,113	91,567
	<u>6,100,725</u>	<u>(1,606,805)</u>
Increase in bank indebtedness . . . . .	987,300	416,625
Bank indebtedness — opening balance . . . . .	3,519,284	3,102,659
Bank indebtedness — closing balance . . . . .	<u>\$ 4,506,584</u>	<u>\$ 3,519,284</u>





Wall & Redekop Corporation and Subsidiaries

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT JANUARY 31, 1975

### Note 1 — Summary of Significant Accounting Policies

#### Consolidation

During the year the following companies (predecessor companies) were amalgamated to form Wall & Redekop Corporation:

Wall & Redekop Corporation Ltd.,  
Wall & Redekop Realty Ltd.,  
Mt. Lehman Developments Ltd.,  
Mount Lehman Farms Ltd.,  
Wall & Redekop Feeds Ltd.,  
W & R Properties Ltd. (formerly Southland Development Ltd.)

The consolidated financial statements include the accounts of the predecessor companies to July 31, 1974, the accounts of the amalgamated company, Wall & Redekop Corporation, from August 1, 1974 to January 31, 1975 and the following subsidiaries for the year:

Redekop Bros. Farms Ltd.  
Pinecrest Poultry Farms Limited,  
Southland Developments Ltd. (Formerly Seafair Installations Ltd.),  
Cloverdale Lumber & Plywoods Ltd.,  
Van Rich Holdings Ltd.,  
Wall & Redekop Realty Ltd.

#### Investments

Investments in 50% owned corporations and corporate joint ventures are recorded on the equity basis.

#### Capitalization of Costs

#### Land held for Resale and Development, Construction in Progress and Income Producing Properties.

In addition to acquisition and direct development costs the company capitalizes:

- i) Direct carrying costs, such as interest and property taxes, of land held for resale or development until such land is sold or development commenced;
- ii) Interest, property taxes and the applicable portion of administrative overhead of construction in progress until the project is completed or sold;
- iii) A portion of the interest on general borrowing based upon the company's equity in certain construction projects;
- iv) Operating results of income producing properties until 80% occupancy is obtained.

The capitalization policy has not resulted in land held for resale or development, construction in progress, and income producing properties being reflected at a value greater than their estimated net realizable values.

#### Revenue Recognition

Revenue from the sale of land inventory and income producing properties is recognized when all material conditions of the sale have been fulfilled and a down payment appropriate in the circumstances has been received.

#### Depreciation and Amortization

The company's income producing properties are depreciated on a 5%-40 year sinking fund basis. Fixed assets are depreciated on the declining balance method and, in the case of certain farm assets and leasehold improvements, on a straight-line method.

#### Goodwill and Other Intangibles

Goodwill and other intangibles are valued at cost less amounts amortized. The amounts are amortized on a straight-line basis over a period not exceeding 20 years.

### Note 2 — Agreements Receivable

The agreements receivable consist of balances due from the sale of land inventory and income producing properties and are primarily secured by agreements for sale and mortgages. The agreements bear interest at various rates and mature at various dates from 1975 to 1992.

The approximate principal installments receivable thereon within the next five years are as follows:

Year ending January 31, 1976	\$ 901,648
Year ending January 31, 1977	739,928
Year ending January 31, 1978	246,573
Year ending January 31, 1979	17,983
Year ending January 31, 1980	17,801

### Note 3 — Inventory

Inventory is valued at the lower of cost and net realizable value and consists of:

	<u>1975</u>	<u>1974</u>
Lumber and building products . . . . .	\$ 691,006	\$ 971,124
Livestock and feed . . . .	463,508	529,816
Land held for resale or development . . . . .	7,777,464	7,430,398



Construction in progress.	15,904,962	3,347,269
Hotel supplies . . . . .	16,899	17,029
	\$24,853,839	\$12,295,636

The interest property taxes and overhead costs capitalized during the year were \$2,170,805 (1974 — \$890,825).

#### Note 4 — Bank Indebtedness

The bank loans are secured by various combinations of the following:

- General assignment of book debts,
- An assignment of the proceeds from certain mortgage loans,
- Assignment of inventory under Section 88 of the Bank Act,
- Assignment of title deeds to certain properties,
- The personal guarantees of certain directors,
- Fixed and floating Demand Debenture,
- Fixed Debenture on certain land.

#### Note 5 — Mortgages Payable

Mortgage advances on construction in progress and agreements payable represent interim financing for which long-term arrangements will be made in subsequent years.

Mortgages on income producing properties are comprised of 1st and 2nd mortgages payable on income producing properties bearing interest at various rates and maturing at various dates from 1975 to 2008.

Approximate principal installments payable thereon within the next five years are as follows:

Year ending January 31, 1976	\$ 2,884,072
Year ending January 31, 1977	461,705
Year ending January 31, 1978	652,365
Year ending January 31, 1979	744,991
Year ending January 31, 1980	1,031,540

#### Note 6 — Sinking Fund Debentures — 8% Redeemable Series A

The company has covenanted to establish a sinking fund to retire principal amounts of Series A debentures in each of the years 1975 to 1986 as follows:

- i) 1975 — 1979      \$ 50,000 per annum
- ii) 1980 — 1986    \$ 75,000 per annum

The unfunded balance will become due in 1987.

The debentures are secured by a floating charge on the company's undertakings, property and assets, subject only to specifically mortgaged properties, floating charges to permit dealings in the ordinary course of business, and bank borrowings secured by specific charges or other collateral.

Attached to the debentures are warrant coupons entitling the holders at any time up to March 15, 1979 to six share purchase warrants for each \$100 principal amount of Series A debenture. Each share purchase warrant entitles the bearer to purchase one common share of the company at the price of \$7 per share to April 14, 1979.

During the current year the company satisfied a portion of its April 15, 1975 sinking fund requirements by purchasing on the open market \$16,000 of the debentures.

#### Note 7 — Deferred Income

In December 1973 the company entered into a sale and lease-back transaction for land resulting in a gain of \$297,118. This gain is being taken into income on a straight-line basis over the lease period (45 years). In the event of the sale of the building and all leasehold rights, the deferred income balance at that time will be recognized as income.

#### Note 8 — Share Capital

There are 3,000,000 common shares authorized without nominal or par value of which 1,831,340 are issued and fully paid for a total amount of \$1,452,593.

The trust deed for the sinking fund debentures contains certain restrictions on the payment of dividends on the common shares.

89,040 common shares are reserved for the exercise of share purchase warrants — Note 6.

#### Note 9 — Remuneration to Directors and Senior Officers

Directors' and senior officers' remuneration for the year was \$436,941 (1974 — \$380,168). Approximately \$181,854 (1974 — \$134,321) of the remuneration represents ordinary real estate commissions earned in the normal course of trade.

#### Note 10 — Earnings Per Share

Earnings per share for the year of \$.24 (1974 — \$.37) are based on 1,831,340 shares outstanding. Fully diluted earnings per share are not presented as the options, if exercised, have no reducing effect on earnings per share.



#### Note 11 — Commitments and Contingencies

The estimated additional cost to complete construction in progress is \$1,462,316 (1974 — \$8,497,000) for which mortgage financing has been arranged.

In addition to its contingent liabilities under joint ventures, the company is on the covenant of certain mortgages assumed by the purchasers of properties sold by the company and its subsidiaries. It is considered unlikely that the company will become directly liable in respect of any such covenants.

The company has entered into lease agreements on certain land, property and equipment for terms up to 45 years. The approximate amounts payable thereon over the next five years are as follows:

Year ending January 31, 1976	\$ 273,068
Year ending January 31, 1977	241,448
Year ending January 31, 1978	209,556
Year ending January 31, 1979	185,902
Year ending January 31, 1980	150,502

#### Note 12 — Subsequent Transactions

Subsequent to the year end a company in which two directors of the Corporation are controlling shareholders purchased Centennial Motor Hotel from the company for \$3,300,000 being the fair market value based upon reports received from two independent appraisal firms. As at January 31, 1975 a deposit of \$760,565 had been received and is reflected on the balance sheet. The gain on sale is not reflected in these financial statements.

#### Note 13 — Dividends

During the year the company paid \$46,449 in income taxes to create \$263,211 in tax paid undistributed surplus from which tax free dividends to shareholders may be declared. During the year tax free dividends in the amount of \$155,664 were paid from the surplus leaving a balance of \$107,547 available for future tax free dividends.

## AUDITORS' REPORT

The Shareholders,  
Wall & Redekop Corporation.

We have examined the consolidated balance sheet of Wall & Redekop Corporation and subsidiaries as at January 31, 1975 and the consolidated statements of net earnings and retained earnings and changes in financial position for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at January 31, 1975 and the

results of their operations and the changes in their financial position for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Vancouver, B.C.,  
April 30, 1975.

*Touche Ross & Co.*  
Chartered Accountants.











## **WALL & REDEKOP OFFICES and SERVICE CENTRES**

As a shareholder, you are part of the Wall & Redekop organization. When you have need of the services offered by Wall & Redekop, we suggest that you patronize your Company.

Wall & Redekop Corporation  
Head Office  
1070 West Broadway  
Vancouver, B.C. V6H 1E9

### **DIVISIONS OF THE CORPORATION**

#### **LUMBER & BUILDING PRODUCTS DIVISION**

##### **WOOD KING CENTRES**

17848-56th Avenue, Surrey  
574-4144

840 Sperling Avenue, Burnaby  
298-4177

Monocrest Kitchens  
1061 River Road, Richmond  
273-4655

#### **CONSTRUCTION DIVISION**

Atlas Construction  
1070 West Broadway, Vancouver  
736-9111

#### **HOTEL**

Centennial Motor Hotel  
898 West Broadway, Vancouver  
872-8661

TRANSFER AGENT & REGISTRAR  
MONTREAL TRUST CO.  
Vancouver and Toronto

## **WHOLLY OWNED SUBSIDIARIES**

### **REAL ESTATE OPERATIONS WALL & REDEKOP REALTY LTD.**

Commercial Division  
1070 West Broadway, Vancouver  
736-9111

Kingsway  
2443 Kingsway, Vancouver  
437-3771

North Vancouver  
1729 Lonsdale Avenue  
985-0431

Richmond  
809 Granville Avenue  
273-4831

Surrey  
13696 104th Avenue  
588-1221

Langley  
20185-56th Avenue  
530-1111

Haney  
22568 Lougheed Highway  
Toll Free 939-2404  
(112) 463-8134

Abbotsford  
33119 South Fraser Way  
Toll Free 530-0424  
(112) 859-7636

Chilliwack  
39 Yale Road East  
(112) 792-2940

Victoria  
577 Culduthel Road  
(Douglas Street)  
(112) 386-2911

Duncan  
468 Trans Canada Highway  
(112) 746-4154

Property Management  
1070 West Broadway, Vancouver  
736-6771

SOUTHLAND DEVELOPMENTS LTD.  
1070 West Broadway, Vancouver  
736-9111

### **FARM & FEED OPERATIONS**

Farm Division  
33119 South Fraser Way  
Abbotsford  
Toll Free 530-0616  
(112) 859-4861

Redekop Bros. Farms Ltd.  
33119 South Fraser Way  
Abbotsford  
Toll Free 530-0616  
(112) 859-4861

Pinecrest Poultry Farms Ltd.  
33119 South Fraser Way  
Abbotsford  
Toll Free 530-0616  
(112) 859-4861



